

**THE REDEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON, INDIANA** met on Monday June 6, 2011 at 5:00 p.m. in the Showers City Hall, Hooker Room, 401 North Morton Street, with President David Walter presiding.

## **I. ROLL CALL**

Commissioners Present: David Walter, Elizabeth Kehoe, Jim Muehling, and John West

Commissioner(s) Absent: Michael Szakaly and Michael Gentile

Staff Present: Lisa Abbott, Bob Woolford, Doris Sims and Janet Roberts

Other(s) Present: Margie Rice, Corporate Counsel; Inge VanderCruysse, Assistant City Attorney; Danise Alano, Economic Development Director; Mike Trexler, City Controller; Dave Williams, Parks & Rec; Dan Sherman, Council Attorney; Phil Peden, Utilities Engineer; Brenda Deunes, Birgham McHale; Hans W. Steele, Bingham McHale; Larry Jacobs, Chamber of Commerce; Eric Baugh, London Witte

**II. READING OF THE MINUTES.** – Elizabeth Kehoe moved to approve the minutes for January 3, 2011 as corrected; February 7<sup>th</sup> and 21<sup>st</sup>, 2011; March 7, 2011 as corrected; April 4<sup>th</sup> and 11<sup>th</sup>, 2011; May 6, 2011 as corrected; September 10, 2010. John West seconded the motion. The minutes were unanimously approved as corrected.

**III. EXAMINATION OF CLAIMS.** – John West moved to approve the claims for May 15, 2011 for \$314,256.75 and May 27, 2011 for \$31,083.02. Elizabeth Kehoe seconded the motion. The claims were unanimously approved.

## **IV. REPORT OF OFFICERS AND COMMITTEES**

**A. Director's Report.** Abbott reported the Neighborhood clean-ups where a huge success. She also informed them that she and Doris attended a HOME Conference this month. She said that she and Doris have been working with Jean Joque in Human Resources to look at how to reorganize the Department due to the Federal Grant budget cuts. She then gave an update of events sponsored by the Department in June.

**C. Budget Summary Report.**

**V. UNFINISHED BUSINESS.** None.

## **VI. NEW BUSINESS**

**A. RESOLUTION 11-10: Approval of the Purchase Agreement for IU Real Estate.** Alano did a power point presentation that showed the boundaries of the area which will be included the Downtown TIF. The presentation also covered the City's vision for the area including such things as an incubator to facilitate life science employment growth, an industrial and research park, additional retail and residential options for employees of the park, senior and affordable workforce housing, green space amenities, and access to the B-Line Trail. She stated that as owners of the 12 acres the City wants to upgrade infrastructure quickly, make parcels shovel ready and create a master plan that

will help the City reach their vision. The City will be reselling the property once the infrastructure is in place and make the properties more attractive to private developers.

She stated there are some buildings they are looking to re-use such as the IU Press Building on N. Morton. Other buildings that are contributing to the neighborhood may also be re-used. The master plan will tell them more about the usability of the buildings.

Alano stated the RFQ will be looking at a market study, future infrastructure needs, and a strategic redevelopment plan for this area. Staff is looking at infrastructure needs, streetscapes, possible street extensions and realignments. The master plan will also look at green buildings, green infrastructure, and structure parking. She also stated if an incubator is developed in the area, the RDC should own it in order to spend Certified Tech Park dollars on it and insure that partnerships are in place to foster those business creations.

She stated they are planning on the RDC to be involved in the hiring process for the Master Plan consultant. They hope to get the RFQ out in the next couple of weeks and kick off the project in the early Fall once the consultant is hired. There will also be opportunities for community involvement in the process which may take from 12 to 18 months.

Rice suggested that a tour of the area might help the Commissioners visualize the proposed changes to the area.

Rice explained there are two purchase agreements included in this resolution – one with the Board of Trustees and one with the IU Foundation. She stated the purchase agreement with the Trustees is for \$9.1 million for the 12 acres and historic building. They will close on the purchase on August 15, 2011. IU will remain in possession of some of the buildings post closing in exchange for \$210,000. IU will retain possession of the IU Press and the Printing Services building for 12 months post closing and 18 months in the Food Stores Warehouse. IU will pay the utilities and will maintain the buildings in good operating condition and repair, and perform maintenance up to \$250,000 during their possession. She further stated the language in the agreement is standard.

Rice also explained that the City is comfortable with the Phase I environmental. Alano noted there is some asbestos in one of the buildings, but it was not a deal breaker and will not be that expensive to address.

Rice said she is comfortable with the agreement process which has been ongoing for sometime. She informed the Commissioners that if they approve this resolution, it will then go to the Council in June for approval for the financing.

Rice said the agreement with the Foundation is for two vacant lots on Rogers Street; one lot has a vacant house on it. The purchase price for the lots is \$215,980 which is the average of two appraisals. The agreement was drawn up by an attorney from Ice Miller using a boilerplate agreement which deals with taxes; however both entities in this agreement are tax exempt. Rice said she and the Ice Miller attorney determined that the language would not make a difference in this instance.

West asked if 60 days allowed enough time to closing. Rice said yes. West asked if there will be any further inspections of the properties. Rice said no. West asked if the sale price is also based on appraisals. Rice stated it is the average of two appraisals. West asked who did the appraisals. Alano stated they were done by First Appraisal from Bloomington and Integra from Indianapolis. West asked if a survey was to be done. Rice said they will order and update of the survey.

West said he had a problem with the maintenance cap. He is concerned that the City could end up making capital improvements on a property that may be demolished once it is turned over to the City. Rice said if any capital improvements need to be done, IU has said they will just get out of the building since the City is not required to pay for any capital improvements.

West asked how the various issues such as the asbestos, lead paint and radon will be dealt with if they surface. Rice said they will appropriately deal with those issues if they show u. She further explained that after much discussion with IU and others, nothing alarming was noted in the Phase I therefore they decided not to do a Phase 2.

West said he was not getting the correct acreage numbers when he added them up in the documents. Rice said they would make sure the acreage figures in the document are correct.

Rice briefly explained the IU Foundation document. She stated the properties that are being purchased from the Foundation are located at 505 and 515 W. 11<sup>th</sup> Street, as is, for \$215,980. This agreement is a standard boilerplate purchase agreement. The City get possession at closing, the insurance will be cancelled at that time, the tax language us not a problem since the City is tax exempt. The agreement is subject to financing and purchase of the Trustees' property. They are not making any warranties on the environmental issues on the property.

Walter asked if, since he has been an employee at IU for 30 years and has extensive knowledge of these properties, his vote might be construed as a conflict of interest. Rice stated that she discussed this issue with VanderCruysse and they do not feel it is a conflict of interest because he is not personally going to make any money from this sale. They do not think he has a legal conflict of interest. Rice said if he wants to abstain because he feels too close to the issue, he may do so as that is a personal call. If everyone is comfortable with him going forward on this issue, since he has disclosed his connection, he may do so.

Abbott asked if the other Commissioners had any concerns about Walter voting tonight. Walter stated no one from IU has had any discussions with him regarding the sale of this property. The Commissioners were supportive of whatever Walter was decided to do.

West noted that he would like to see a Phase II environmental done to the property. He said it may be needed when a purchaser applies for financing on a property. Rice reiterated that in addition to the Phase I, they talked to Planning, Engineering and another Environmental Company -- all said they did not think it was necessary to do a Phase II. There was also a closure report from IDEM on the property which will be available to a potential purchaser of any parcels.

Elizabeth Kehoe moved to approve the Resolution subject to the accurate acreage listed in the legal description. John West seconded the motion. Resolution 11-10 was unanimously approved.

**ADOPTED.**

**B. RESOLUTION 11-11: Approval of the Memo of Understanding with Monroe County for the North Showers Parking Lot.** Rice discussed 11-11 and 11-12 together because they are part of the same issue. She explained the RDC owns the North Showers parking lot. There has been a 30-year lease between the City and IU since 1995. IU has divested their interest in the north parking lot and no longer wants to lease the lot. However, they did not want to terminate the lease until a lease had been worked out with the county. The City has been discussing this issue with the County for some time – a change was made to the agreement this morning.

Rice said the lease with the County has been a little more complicated. There were discussions about a long-term lease as well as for shorter periods of time. She explained that the Memo of Understanding states that the County has purchased the real estate at 501 N. Morton and that this is not a lease, but an arrangement for what the City is going to do with the parking facility in that area. The parties agree that this is not a lease of or for the premises, but will set forth a manner in which parking facilities will be governed for a period allocated in which the City chooses to make the premises available to the County. In the event that the City does not make the premises available, the City will notify the County 120 days prior, but won't give them notice before January 1, 2012. The City will manage, maintain and insure the lot.

Rice further explained that the agreement also states that the City is going to honor the parking arrangements previously agreed to between the Trustees of IU and the Tenants of N. Showers. Whatever IU entered into, the City is going to honor. There is an attached exhibit giving the parking spaces and the names of the tenants who had leases with IU. The City will directly negotiate parking arrangements with IU for the current tenants. She said the City will give the County parking Monday through Friday, 6:00 a.m. to 6:00 p.m., excluding holidays. The public parking spaces will remain.

West stated he was concerned about the individual businesses' parking issues. Danise Alano has already spoken with some of the current tenants regarding their leases and the timeframe issues. These tenants will have a contract for specific timeframes. There was also discussion regarding the parking rates.

Elizabeth Kehoe moved to approve the Resolution. John West seconded Resolution 11-11.

**ADOPTED.**

**C. RESOLUTION 11-12: Approval of the Termination of the IU Lease for the North Showers Parking Lot.**

Elizabeth Kehoe moved to approve the Resolution. John West seconded the motion. Resolution 11-12 was unanimously approved. **ADOPTED.**

**D. RESOLUTION 11-13: Approval of Bond Resolution for the Core Property Purchase.**

Rice explained financing for this property will require a bond issue therefore the City has hired a bond counsel Hans Steele and Eric Witte the financial advisor. Steele explained since the purchase resolution has been approved, the City Council must now approve issuance of the bonds at their June meetings on the 15<sup>th</sup> and 29<sup>th</sup>. When the Council approves the bonds they also approve the appropriation of the bonds for the specified uses. When that process is complete the bonds can then be marketed and sold. As that money comes in, the City can execute the real estate purchase and whatever other improvements are going to be made as provided for in this resolution.

Steele then explained that this resolution states all the details and all the governing documents for the bonds. The maximum size of the bonds to be issued is \$13.670 million. He stated there are two things that go into the sizing of the bonds – the real estate purchase price and the estimated cost of the improvements. They also look at what the revenue stream will support because you don't want to borrow more than you can pay back. He said this TIF can support around \$21 million, but bond holders want you taking in more money than what you are going to have to pay them. He said this bond issue has almost two times the coverage – well in excess of what is needed. He stated there is a good market for bonds backed solely by TIF coverage. He also explained that the resolution establishes a special allocation fund for the TIF increments collected. The fund will have a special

account for bond and interest payments – these are currently the only bonds that would have a lien on the tax increment. However, other money in the TIF fund may be used for other projects in the TIF area.

Trexler asked Steele to speak to how or if the debt ceiling in Washington could affect municipal governments. He said it wouldn't prevent issuance of the bonds -- they haven't seen any affect on municipal bonds.

Witte broke out the expenses in the bonds which include the acquisition, infrastructure improvements (including a 7% contingency), cost of issuance of \$177,500 (bond counsel fees, financial advisor fees, rating agency fees). He stated the City currently has a double A bond rating which will drive down the interest costs. Hilliard Lyons will be selling the bonds.

Witte noted that in order to make the bond holders a little more comfortable, the City is going to cash fund up front a full year's debt service. In the event that the City has a problem meeting the debt service one year, the funds will be available to cover the debt. These bonds will be paid off in 2032 before the TIF sunsets in 2035.

John West moved to approve the Resolution. Elizabeth Kehoe seconded the motion. Resolution 11-13 was unanimously approved. **ADOPTED.**

**E. RESOLUTION 11-14: Approval of Infrastructure Improvements to Facilitate Economic Development.** Alano explained this request is for funds to do improvements to the Switchyard property. She explained there is a warehouse west of the Switchyard that would be much more compatible with the area if it were not zoned industrial. The City wants to encourage development by doing a swale improvement adjacent to the warehouse, a Grimes sidewalk to the B-Line Trail and add temporary landscape screening for a parking lot which will be created by Parks and Public Works. Peden will get estimates on the stormwater improvements cost.

West asked if the stormwater needed to be done. Peden said it would improve the drainage upstream and help the capacity of the swale. West asked if the plan for the warehouse façade would hamper that plan. Peden said it would not.

Alano said they have been working with the current owner of the warehouse and with other property owners in the area regarding the project. There was discussion about the possibility of further development of the warehouse, especially to the east.

Walter asked if the swale design work was done in house. Peden said he has received three outside engineering quotes. Alano said there is also the possibility they may have to have a DNR permit so they want to make sure they have an expert design.

West asked if this requested funds would be sufficient for the design and construction of the swale. Peden said they have added a contingency and believe they have requested sufficient funds for the project.

Walter asked why this drainage swale wasn't included in the original B-Line design work. Williams said when they were in design it was pre-stimulus funding and they were looking to cut cost particularly on the Grimes Lane to Country Side and the occupancy of the warehouse happened after construction was underway.

John West moved to approve the Resolutions. Elizabeth Kehoe seconded the motion. Resolution 11-14 was unanimously approved. **ADOPTED.**

**VII. BUSINESS/GENERAL DISCUSSION.**

**A.** Abbott asked that the Commissioners approve the renewal of the real estate listing for Orris Drive and to authorize her to sign the agreement on behalf of the RDC. She also said she would verify the Department name on the document. West asked if the Department has an acknowledgment of limited agency policy on file. Abbott said she believes they do, but she would look into it.

John West moved to approve the motion. Elizabeth Kehoe seconded the motion. The motion was unanimously approved.

**B.** Abbott asked if one of the Commissioners would like to sit in on the Planning committee meetings for the property. John West said he would volunteer to attend any meetings when he is available.

**VIII. ADJOURNMENT**

It was moved and seconded to adjourn the meeting.

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David Walter, President

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Michael Gentile, Secretary

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Date